ORAL HISTORY OF THE TENNESSEE VALLEY AUTHORITY

INTERVIEW WITH

PAUL AGER

BY - CHARLES W. CRAWFORD

TRANSCRIBER - BRENDA P. MEIER

ORAL HISTORY RESEARCH OFFICE

MEMPHIS STATE UNIVERSITY

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PLACE Hollywood, California

DATE April 15, 1970.

x Paul W. Ager

(Interviewee) Paul Ager

Charles W. Crawford

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THIS IS MEMPHIS STATE UNIVERSITY, ORAL HISTORY RESEARCH OFFICE, "AN ORAL HISTORY PROJECT OF THE TENNESSEE VALLEY AUTHORITY." THE DATE IS APRIL 15, 1970. THE PLACE IS HOLLYWOOD, CALIFORNIA. THE INTERVIEW IS WITH MR. PAUL AGER, FORMERLY WITH THE TENNESSEE VALLEY AUTHORITY, AND THE INTERVIEW IS BY DR. CHARLES W. CRAWFORD, DIRECTOR OF THE MEMPHIS STATE UNIVERSITY ORAL RESEARCH OFFICE, AND WAS TRANSCRIBED BY MRS. BRENDA P. MEIER.

DR. CRAWFORD: Mr. Ager, I suggest that we start by getting a summary, in whatever form you want to give it, of your early life, your education, your experience before joining TVA. I suggest you start with when and where you were born and just develop it from there, if you will, to the point that you became associated with TVA.

MR. AGER: Well, I was born in Worthington, Minnesota, Nobles County, in 1904. At the age of four my father, my older brother and sister and mother and I moved to Southern Oregon where my father became a schoolman, first in a small, country school and gradually progressed to a small city school. In 1916 he became County School Superintendent in Jackson County in Southern Oregon. This terminated in 1920 when the pay of a county school superintendent, fixed by state

MR. AGER: (Cont'd.)

law, was so low that my father chose to go back to being a city school superintendent, and we moved from Southern Oregon to Vale, Oregon in Malheur County, in the eastern edge of the state, where I graduated from high school in 1922. The following fall my father became superintendent of schools at Bend, Oregon, at a considerable increase in salary, and I entered the University of Oregon in Eugene, where I graduated in 1926 with a major in economics.

I had supported myself through college with summer employment as playground supervisor at Bend, Oregon, which I continued to do the following summer, after my graduation because no jobs seemed to be immediately available. The following fall I was called back to the university to become a research assistant to the President of the University of Oregon and to do graduate work in economics. It was a part-time job which didn't pay a great deal, but enough so that I could live on it. I did statistical studies for a new president, Arnold Bennett Hall, to help him secure additional funds in support of the University of Oregon. These had to do with state support of higher education, student fees, and all other gambits of university finance. In the following spring I applied for, and was awarded, a scholarship

MR. AGER:
(Cont'd.)

in transportation economics at Yale University. But shortly before the summer vacation started I came down with what later turned out to be a case of tuberculosis, so I never went through with my graduate work in transportation economics. In place of that, after completing my recovery from this tubercular attack, I secured employment in Portland, Oregon, with the Northwestern Electric Company in January, 1927. I was in the Rate Department, again doing statistical studies and assisting in preparations for a proposal that the voters of Portland approve the merger of the Northwestern Electric Company with the much larger Portland Electric Power Company.

During my stay with the Northwestern Electric Company I was loaned by the company sometime in 1928 to a Oregon State Property Tax Relief Commission that had been established by the legislature. I was Executive Secretary to this commission on the reform of the tax system in the State of Oregon. I served in this capacity until the legislature met in January of 1929 at which time I was again loaned to the House Committee on Taxation and Revenue to serve as clerk of that committee to see what could be done about the program of the Property Tax Relief Commission. The next legislature did, indeed, adopt most of the

MR. AGER:
(Cont'd.)

reforms that had been recommended by that commission which included the first successful income tax law adopted by the State of Oregon, and also established the first system of state supervision of assessment from the state capitol of all the county assessors in the State of Oregon.

Shortly after my return to the Northwestern Electric Company from this six or seven month period of loan to these two organizations I was asked by the President of the University of Oregon, the same one-- Arnold Bennett Hall-- if I would permit him to use my name before the Board of Regents as a prospect to become Assistant Controller of the University of Oregon, with the understanding that if my services were satisfactory, I would become controller the following year on the retirement of the incumbent controller. After brief discussion of salary matters I gave my consent and shortly thereafter was appointed Assistant Controller of the University of Oregon, in which capacity I served for one year, when I was then installed as Controller of the University of Oregon in July of 1930. I served in this capacity or related capacities for a little over two additional years, during which time the Oregon system of higher education was being reorganized from a system of

MR. AGER: (Cont'd.)

independent institutions to one with a single head to be known as a chancellor with campus presidents.

This reorganization also included the decision to establish a single, central business office under a controller for the entire system of higher education, to which position I aspired. As time went on toward the culmination of this period of reorganization, it became clear that the incumbent president at the Oregon State College was putting on a most strenuous campaign to be the new chancellor of the system of higher education. He was a man that I did not respect. It was my hope that a new man from outside the State of Oregon would be brought in for the position of chancellor. As a precaution I took the step of securing offers of scholarships from the University of Chicago and Columbia University. And when the regents finally did make the incumbent president of the state college Chancellor, and I was offered the controllership of the system of higher education, I refused the position and accepted a scholarship at the University of Chicago.

I enrolled at Chicago in September of 1932 in the Department of Education, with a major professor by the name of Floyd W. Reeves and took courses from

MR. AGER: (Cont'd.) him and Dr. Judd, who was the head of the Department of Education, and several other outstanding men. As the winter quarter began I was offered, and accepted, an appointment as Executive Secretary of a National Committee on Standard Reports for Institutions of Higher Education which was in the throes of trying to establish uniform reporting for privately and publicly financed institutions throughout the United States. I served in this capacity under the chairmanship of Mr. Lloyd Morey, then Controller of the University of Illinois, an outstanding authority on institutional finance and accounting. I was working in this capacity when Mr. Reeves came to me one day and asked if I would go to lunch with him and Dr. Morgan.

DR. CRAWFORD: Do you remember when that was, sir?

MR. AGER: It was something like May of 1933. I agreed to go and we had lunch and Arthur Morgan indicated that President Roosevelt had offered him the chairmanship of the Tennessee Valley Authority and he was interviewing prospects for possible openings in the Tennessee Valley Authority, and that Mr. Reeves was helping him in lining up prospects for such positions.

We had an extensive discussion on my background

MR. AGER:
(Cont'd.)

and on a theory that Arthur Morgan had that some kind of cost standards could be established for the power customers of the Tennessee Valley Authority, which I did not completely understand. But I did try to discuss it with him and point out the difficulties that were inherent in such a concept. Some time early in June I had a phone call from Floyd Reeves who said he was calling from the Willard Hotel. I think it was about the twelfth of June, but I cannot be exact. And they needed someone immediately to take the position as Treasurer of the Tennessee Valley Authority because they suddenly realized that under the Tennessee Valley Authority Act they could not meet any payrolls until they had a treasurer, and would I kindly agree to accept this position as an interim position until they could get better organized.

I told Mr. Reeves that I would want to think about it, that it was important to me, to a certain extent, to know how much the position would pay. He said that he hadn't the slightest idea how much it would pay, but if I would wait just a moment he would get Arthur Morgan on the phone. So Mr. Morgan got on the phone and said he understood that I was somewhat interested in this temporary position

MR. AGER: (Cont'd.)

with the understanding that something more to my liking would be worked out in the future, but that I wanted to know what the pay would be. He said, "How much did you make in your last position at the University of Oregon?" I said, "Well, my salary was $3600 a year, and the university contributed $180 a year towards the Carnegie Foundation Retirement System that the university had established, so you might say that I was earning $3780 a year." He said, "What about $4000?" I said, "Well, that sounds reasonable, but I still have to think about this, discuss it with my wife and talk to some other associates about it, and I'll call you back within 24 hours or call Mr. Reeves back within 24 hours."

In that 24-hour period I talked to Lloyd Morey, who thought I was ruining my career as a higher educator to take such a job with such an awful New Deal agency; and I talked with Louis Brownlow, who thought it was the greatest opportunity any person ever had. I talked to a man by the name of Alan Eaton, whom I had known for years, who is with the Russell Sage Foundation and happened to be in Chicago at this time. He knew much more about the Tennessee Valley Authority than I did, and he thought it was a golden opportunity. And between

MR. AGER: (Cont'd.) us, my wife and I decided that I should take a chance on going with the Tennessee Valley Authority. So I accepted the temporary position and reported for work on the 26th of June, I believe, 1933.

DR. CRAWFORD: Mr. Ager, let's get into some of the experiences you have had in your first work with TVA, your first impressions, the state of the organization as you found it, and what happened in the very early developmental phase. Did you report to the Willard Hotel first and do you remember your first meeting with the TVA Board of Directors? I think perhaps the date was June 16, though I am not certain of that, when the first meeting was held at which I suppose TVA was incorporated according to the act.

MR. AGER: I did not report to the Willard Hotel. I believe it must have been June 16, but they called me instead on June 12, as I said earlier because I know that we had a very short time to get our things packed and get from Chicago to Washington, D. C. My first contact with the Board of Directors and Floyd Reeves in his capacity as Personnel Director, and a Mr. Carl Bock, who was sort of an assistant to Arthur Morgan, was at the old Interior Department Building where the TVA had acquired some temporary space. I found the TVA

MR. AGER: in a state of complete confusion. It had no money. It had no organization. It had no pay scales.

Therefore, my first job was to contact the Bureau of the Budget and find out where the money was coming from and how I went about getting it, and to contact the General Accounting Office to get a little further information with respect to how to prepare payrolls and get people paid. I also made other contacts to acquire some assistance in doing all this. I discovered that in spite of the lack of any money or anything else that TVA had engaged some people to undertake survey work in connection with access roads to Norris Dam and to establish some offices in Knoxville, Tennessee. It was not until some time after the first of July that we finally were in a position to put out our first payroll. And in the meantime I had made the fatal mistake of saying that our payroll could not be met until the President of the United States had approved a certain piece of paper, for which I was severely reprimanded because no one in government is supposed to reveal that the President can be a bottleneck.

DR. CRAWFORD: Who reprimanded you for that?

MR. AGER: Oh, George somebody--Willingham, or some such name. He was kind of a public-relations type they picked up somewhere. This story got in the newspapers--the fact that TVA's payrolls were held up by the President. That's why I was reprimanded.

DR. CRAWFORD: So at the time you went to Washington, you had met Floyd Reeves, you'd met Arthur Morgan, and at your first meeting who else was present that you remember?

MR. AGER: Yes. Well, I remember meeting Carl Bock, and Dave Lilienthal. I don't recall Harcourt Morgan being present. I may have met some secretaries, but there weren't very many around. There were lots of job applicants. They were swarming through the place.

DR. CRAWFORD: I believe no one had been paid at that time, had they?

MR. AGER: That's correct. Once we had gotten our money and met our first payrolls, which included a payroll for the people working out of Knoxville, Tennessee, I proceeded to sit down with Mr. Reeves to discuss the prospects for a financial organization of TVA. I recommended that TVA have a controller and at least one, if not more, assistant controllers, a budget planning officer, and a

MR. AGER: (Cont'd.) treasurer, which was required by the law.

DR. CRAWFORD: What was your title at first?

MR. AGER: Treasurer. That was my first title. Mr. Reeves presented this plan of organization to the Board of Directors meeting shortly thereafter and it was approved. And not long after that we interviewed a former controller of American Airlines by the name of Francis Carr, who had been one of the founders of the Controller's Institute of America and was a graduate of Whartman School of Commerce. Between us, Mr. Reeves and I decided that he was a very good prospect to be our first controller; he was offered the job and accepted it. Shortly thereafter, some time in July I believe, maybe early August, he reported to work.

Not long after that they succeeded in persuading a man who was retiring from the General Accounting Office to serve as an audit advisor to him, a man by the name of Harding. He also recruited a woman by the name of Goodrich to replace me as Treasurer of the Tennessee Valley Authority, and I became an Assistant Controller with my emphasis being on plans and budgets, and Hugh Smith became a second Assistant

MR. AGER: (Cont'd.) Controller with his emphasis being on accounting and reports. Not long after that another man, whose name escapes me, was appointed Budget Director under my supervision. He had had a rather distinguished career in this field, but was quite elderly. I can't recall his name.

DR. CRAWFORD: Were your headquarters in Washington at this time?

MR. AGER: We were still in Washington, but we had moved out of the temporary space in the Interior Building into an old temporary building E or F, or something like that, that was down on the mall not far from the Washington monument, and it was a hell-hole as far as temperatures were concerned. There was no air-conditioning. We worked from 12 to 18 hours a day trying to get this organization shaped up, and sometime early in this period Floyd Reeves came to me one day and said he was going to have to have an assistant and what did I think of Gordon Clapp, who was also a graduate student under Mr. Reeves at the University of Chicago, as a possible assistant to him? I said I thought it would be wonderful if he could get him. I said though, "As you know, he has very deep roots back in Wisconsin." He said, "I know that but I think

MR. AGER: (Cont'd.) I can get him." And sometime around the middle of July, Gordon Clapp showed up, which helped a great deal since I had a dining campanion at least; my wife had seen fit to go with her former boss, the former president of the University of Oregon, and his wife to State College, Pennsylvania, to escape the heat of Washington, D. C.

Finally, in early September he had ourselves well enough organized so that it was time for me to move from Washington, D. C. to Knoxville, Tennessee. I took temporary lodging at the Andrew Johnson Hotel until my wife could get back from State College and gather up our things in the temporary apartment we had taken on Connecticut Avenue and join me in Knoxville in my search for housing.

DR. CRAWFORD: Was that in September of '33?

MR. AGER: Yes, early September, which, of course, coincided with the beginning of publicity about football at the University of Tennessee, and I discovered to my amazement, (and I want this on the record) that the coach and the squad of the University of Tennessee had been the survey party surveying the route from Cove Creek into Norris Dam. A few weeks later

MR. AGER: (Cont'd.) an engineer came to me with a project authorization for the re-survey of the route from Cove Creek to Norris Dam, and I said, "We've already had a survey of that route from Cove Creek to Norris Dam. What's the problem?" He said, "The elevations are off from ten to twenty feet. Apparently the survey party was too busy practicing football to do much surveying."

DR. CRAWFORD: Had you been in the South before this time, before September 1933?

MR. AGER: Never, never had.

DR. CRAWFORD: What was your first impression of the Valley and the city of Knoxville?

MR. AGER: Well, I'd like to tell it this way. I met my wife in a new Chevrolet car that I was trying out at the railroad station of the Southern Railroad and drove her from the station down Gay Street to the Andrew Johnson Hotel where I had been staying. As we approached the hotel she asked me where the main business district was and I said, "Well, darling, we've just driven through it." Half of the buildings on Gay Street were boarded up, but I think one bank was open. It was pretty pathetic.

MR. AGER:
(Cont'd.)

A few weeks later, accompanied by a man who had been employed to specialize on our power-accounting problems, we made a trip to Muscle Shoals. I offered, since the TVA had no fleet of automobiles, to drive my new Chevrolet down on the condition that my wife could go along. This was approved.

So we proceeded down the Tennessee River through Chattanooga, Hunstville, Alabama, to the Muscle Shoals Reservation where there was modest visitor accommodations. It was the most depressing area I had ever driven through in my life. From Huntsville to Muscle Shoals we had driven on a dusty, dirt road, and at the end of the day passing one field of cotton after another with nothing but little shacks in the edges of fields. There were no gardens, no animals, other than the mule and a dog. There was no power or automobiles (the vehicles we passed on the road were the horse-drawn vehicles carrying cotton to the gin and in the dust it was very difficult to avoid hitting them, but we managed to get through somehow). This was in late September of 1932. My first view of the old nitrate plants, with all of the World War I supplies stowed away on shelves and carefully inventoried was also a sickening experience. The drives around the Muscle Shoals area with street signs in all directions, but no streets, left me very

MR. AGER: (Cont'd.) depressed. It was far from a stimulating sight. Wilson Dam was being well maintained and the old steam-electric plant was on lease to the Alabama Power Company. One of the reasons for the visit to Muscle Shoals with Mr. Hughes, the accountant that I referred to earlier, was to start preparations for negotiations with the Alabama Power Company with regard to this steam plant lease.

DR. CRAWFORD: What arrangements were made with the Alabama Power Company for the use of power at that time, Mr. Ager?

MR. AGER: I don't remember much of the detail, but it's my recollection that they had some sort of contractual agreement with the army engineers to secure this power at some reasonable price and to operate the steam-electric plant when and if they saw fit. Someone else better informed than I will have to give you the details of this because I was not involved personally in any of the negotiations that ensued with respect to this settlement with the Alabama Power Company on this agreement that was inherited from the army engineers. I was on the periphery and only heard tidbits, you might say, about the negotiation of the agreement that followed and the settlement that was finally reached with respect to termination of the arrangement, but I cannot recall the details of this at all. It escapes me.

DR. CRAWFORD: What was your work then during the first year with TVA?

MR. AGER: Well, primarily I organized a system of what we then called "allotment releases" which simply were short-term project authorizations for various and sundry categories of activity that was being initiated by the various branches of TVA as they were being organized. And this was simply to institute a minimal type of control over expenditures. And I began studies in collaboration with the man that was employed to be our budget officer on forming a budgetary system. In fact, not long after this, some time in late '33 or early '34, we called on the Public Administration Service located in Chicago to send us some specialists to help us further perfect our budgetary system, and Donald Stone and a man by the name of Gus Moe and one other man whose name I've forgotten, came down and spent several weeks with us, analyzing and studying our problem and making suggestions as to what we should do to perfect a sound system of budgeting and control.

DR. CRAWFORD: Did you find that your background and training in educational administration or educational finance was adequate for this sort of work?

MR. AGER: Yes, it was generally adequate. It was helpful to me, I believe to have had the experience of assisting in the reorganization of the finance system of the Oregon system of higher education, to use some of the principles at least that were involved there in instituting a comparable system within the Tennessee Valley Authority. Although obviously the Tennessee Valley Authority had many problems and activities that are foreign to the operation of a normal university of 3000 students, which the University of Oregon was at that particular time when I was controller there. The biggest mistake that we made in the very early days of TVA was to try to anticipate the detail that we thought we might be asked to produce at some future date as the result of audit activity on the part of the General Accounting Office or inquiries from Congress.

DR. CRAWFORD: You had capable assistants in preparing for that, didn't you?

MR. AGER: We had quite capable assistants but unfortunately we got carried away with the fascination of putting things on the electronic accounting machine that we rented from IBM. It was not a computer in the sense that we have computers today, but we allowed our

MR. AGER: engineers and other administrative officials to proliferate accounts to the point where we kind of lost track of the forest for the trees.

DR. CRAWFORD: Could it have been simplified?

MR. AGER: It was simplified. In 1936, I believe it was, our first controller, Mr. Carr, decided to leave the TVA to take a position with the United States Steel Company as Vice-President in Charge of Finance for American Steel and Wire Company. After considering a number of candidates we selected Eric Kohler to become the controller of TVA. Mr. Kohler had been for many years a senior member of the firm of Arthur Andersen & Company in Chicago and one of the first things that Mr. Kohler did in coming to TVA was to recommend that we simplify and streamline our accounting system and to take a lot of the accounting off of these IBM machines and secure instead some more or less standard "tried and true" bookkeeping machines.

DR. CRAWFORD: Did you do that?

MR. AGER: We did this and many, many people in TVA for the first time began to understand what they were

MR. AGER: (Cont'd.) doing with respect to their budgets and accounts.

DR. CRAWFORD: Had it been too complicated before? Had the system been one that many people didn't understand?

MR. AGER: The thing that was wrong about the early IBM setup was that it only produced numbers, no words, and there are very few people that can relate numbers to anything by just numbers. And it helped a great deal when they began getting reports that told them what they had spent their money for in the way of salaries and supplies, and other items. It was a glorious experiment--the electric machine was a glorious experiment--but it didn't work. We simply went too far. I won't say anything more because Mr. Kohler, with the help of Mr. Smith, managed the accounting reform. At this point I had become Assistant to the General Manager and Chief Budget Officer of TVA and was completely removed from the Finance Department.

DR. CRAWFORD: Were both jobs difficult to manage at the same time?

MR. AGER: Well, I never was trained as an accountant. My training was in economics. I did take some

MR. AGER: (Cont'd.)

accounting courses the year that I was research assistant to the president at the University of Oregon, and I never wanted to be an accountant. I think that we made a similar early mistake in our progress reporting, and I can tell about that a little more fully than I can about the reorganization of the accounting system since I had a good deal more to do with the reforming of the progress reporting system.

Someone in the early days of TVA in the General Manager's Office dreamed up the idea that everybody should write a monthly progress report and that somehow all of these monthly progress reports should be compiled into an overall progress report that went to the Board of Directors of TVA. And by the time I became Assistant to the General Manager and the Budget Officer in 1937 this monthly document was approximately 2 inches thick and there was practically no summary information whatever for the benefit of people who are too busy to read the detailed monthly progress report.

So with the help of a young man by the name of Sandy Brant, who had at one time been a science editor for Reader's Digest, we proceeded to try to develop

MR. AGER: (Cont'd.) and succeeded in developing, a summary progress report for the benefit of the Board of Directors and the General Manager and other key officials who were too busy to read the detailed monthly reports of all the departments and divisions of the Tennessee Valley Authority.

DR. CRAWFORD: Did you maintain both types then--the complete report and the summary?

MR. AGER: We did, excepting we discontinued delivering the detailed reports to the General Manager and the Board of Directors of the Tennessee Valley Authority, and instead worked out a system where the departments that had interfaces would exchange copies of their monthly progress reports and copies came into my office for review by report's analysts who had the responsibility of preparing the summary report that went to the Board of Directors. But we soon found that our summary report was out of date if we waited until we got the detailed monthly progress reports, so we perfected a scheme where each of the major departments of TVA would give us highlight reports in the first week of the month, which we could use in preparing our summary reports, and in addition to that, if there was a significant event during the

MR. AGER: (Cont'd.) month such as a flood or a power failure, or something of that sort, we made it a point to require that that event be written up thoroughly and promptly for use as the lead story in our ensuing highlight monthly report.

As a consequence, within a few months of effecting this reform this summary report, which was being prepared initially for the information of the Board of the Directors and the General Manager, was being reproduced in many copies which went to all departments of the TVA, including shop stewards who represented the organized personnel of the TVA, so that all of the employees of TVA had an opportunity to see these highlight reports that were going to the Board of Directors. There was one page on both sides of statistical information and about two pages of text on both sides with highlight, written information. Whether this reporting system is still being continued, I don't know, but it is one that I thought was quite successful and helpful.

DR. CRAWFORD: Did you ever feel that too much time was being put in in preparing these monthly reports?

MR. AGER: Oh, yes. I felt that very definitely, and they

MR. AGER: (Cont'd.) did get shorter once this business of discontinuing the delivery of the detailed report to the Board of Directors became known throughout the TVA.

DR. CRAWFORD: Was this information valuable later in the time of the Congressional investigation?

MR. AGER: Very little of it was, in my opinion. The Congressional investigation you are referring to, I assume, was the one that related to the so-called Arthur Morgan contumacy, dismissal and the hearings that ensued?

DR. CRAWFORD: Yes.

MR. AGER: As I remember it, my own contribution to that hearing related primarily to an action that we took to acquire phosphate deposits for operations of the super-phosphate facilities, electrical super-phosphate facilities, that we built at Muscle Shoals. We had shown in our budget to Congress no intention to purchase phosphate ore deposits, but the intention to produce super-phosphate fertilizer from mined ores purchased from private industry. It turned out that this became some sort of a bone of contention in this hearing, and I was asked to testify as to how

MR. AGER: (Cont'd.) we could possibly divert money for the purchase of raw materials from private industry and instead take it to purchase phosphate deposits and institute our own phosphate mining operations to get the phosphate ores that we needed to operate our furnaces.

DR. CRAWFORD: How did you justify that?

MR. AGER: On the grounds of economics. It was cheaper than to pay the prices that the phosphate suppliers were trying to get from TVA. There was another matter of a similar nature that occurred much earlier in the history of TVA that I don't think got into the Congressional investigation of TVA that illustrates this same point and this relates to the supply of cement for the construction of our dams. You may have this from some TVA engineer already, but the cement industry at that particular time had a pricing system that I'm sure was contrary to anti-trust laws and what have you. As a consequence when TVA called for bids on cement, the bids invariably were uniform, regardless of where the cement plants were located. And the prices were high, certainly high in comparison with the cost of producing cement.

So the TVA (and this was primarily Arthur Morgan

MR. AGER: then, and some of the engineers who had joined TVA who had been in association with him on earlier projects) instituted an investigation of what it might cost to establish and produce our own cement--establish a plant and produce our own cement for the construction of TVA dams. At the same time, a proposal was made to the cement industry that we would be willing to negotiate with them a long-term cement contract with appropriate price escalator-de-escalator clauses if they were willing to do this.

In order to get the cement industry to think seriously about this, though, TVA had to establish to its own satisfaction and to the satisfaction of the cement industry that it was indeed feasible for TVA to produce its own cement. One of the contracts that was made with this Canadian cement industry had been established by Lord Beaverbrook. We were looking for a cement specialist, and it turned out that we had on our own staff in TVA a man by the name of Eckle who had been a principle advisor to Lord Beaverbrook in the establishment of his Canadian cement interests in New Brunswick, I believe. So Mr. Eckle was immediately diverted from whatever geological work he was doing at the time to proceed with the investigation of sites for the raw materials and

MR. AGER: (Cont'd.) economical production of cement to supply the need to the Tennessee Valley Authority program. Not long after that the cement industry agreed to the employment of a firm of accountants, jointly appointed, who would indeed assist in the formulation of a contractual basis for the acquisition, as I recall, of a minimum of ten million barrels of cement from the cement industry. Before I left TVA we had used considerably more than ten million barrels of cement. TVA never built a plant. Is that enough on that?

DR. CRAWFORD: Can you give some detail, Mr. Ager, about the decision of TVA to do its own construction work? It would be interesting, I think, to know who was responsible for this decision, what opposition there was to it, and how it was carried out.

MR. AGER: Well, I really can't say that there was any opposition. It seemed to me that from the time I appeared on the scene that it was a foregone conclusion that TVA would do its construction with its own forces. Whether there had been discussions and disagreements about this, I don't know, but I regarded it as one of the most significant and important, early decisions that TVA made, and it laid the groundwork for the finest piece of planned engineering and

MR. AGER: (Cont'd.) construction and equipment utilization that I have ever seen performed anywhere in my thirty-odd years of experience with the federal government.

DR. CRAWFORD: Why was it so successful?

MR. AGER: I think it was so successful for several reasons. One was that TVA was able to recruit the cream of the engineering and construction industry at its inception because of the depressed condition of that industry throughout the United States. We had the engineering know-how within our own forces to formulate such a program and we had the personnel leaders that were needed to develop the kind of labor relations that would enable a government corporate agency to do this sort of a job. The thing that my wife and I used to marvel about was the progress of the primary crusher that was purchased to crush the rock for the construction of Norris Dam as it moved from place to place throughout the Tennessee Valley. Whether it's still being used today, I do not know, but I know of at least five dams that this same primary crusher was used to crush the rock. Over the years I found it rewarding as I visited the various TVA projects to observe the rationale that our project managers used in justifying, for example, the subsidy that went

MR. AGER: (Cont'd.) into the operation of our construction camp cafeterias, for example, on which we lost approximately ten cents per meal. This caused concern both by representatives of the General Accounting Office and representatives of the Bureau of the Budget, and of the appropriation committees. But our project managers, with no particular encouragement from me, were able to demonstrate beyond a shadow of a doubt that this kind of feeding and concern for our personnel paid dividends in the progress of the construction and the reduction of costs of the overall projects.

DR. CRAWFORD: How were things like that computed?

MR. AGER: By ordinary accounting methods. Everything had its own income and expense statement, and of course the expense of the camp was charged off to the cost of the project in any case. The fact that the employees did not pay the full cost of the meals was incidental. The fact that they didn't pay the full cost of building the construction camp was incidental. It all ended up either in pay or in camp costs that went into the cost of the dam.

DR. CRAWFORD: You just computed that as part of the construction cost?

MR. AGER: Correct.

DR. CRAWFORD: Do you feel that helped in securing the quality of people at the dam sites you wanted to get?

MR. AGER: There's no question about it. It was far superior to having a disgruntled labor force, complaining about inadequate housing and inadequate food, trying to get a dam built on schedule to supply the power that was needed to produce the aluminum to produce the airplanes to win the war for example.

DR. CRAWFORD: What about the expenses of other services you provided at construction sites? You had some education and recreation facilities, I believe.

MR. AGER: Yes, we did, and these expenses were treated as a part of the overhead of the TVA that ended up in the cost of our construction projects. The library service program frequently was used, not only to provide library service to our own employees at the project, but to lay the basis for a continuing library service that was not subsidized by TVA in that particular area after the construction was completed. There were schools established that were

MR. AGER: (Cont'd.) established in collaboration with the local school authorities in very much the same way. And some health services of somewhat of an unusual nature were worked out and improved sewage disposal facilities were shared with communities that previously had been dumping raw sewage into the Tennessee River. There were many things of this sort that are too numerous to mention, I think, in this brief discussion, but all of which I think contributed both to the success of TVA as being a good neighbor to the communities where we were undertaking radical changes in the environment by the construction of these dams, but contributed to the long-term welfare of the Tennessee Valley and the people who chose to remain and live in the Tennessee Valley.

DR. CRAWFORD: You ended up with many expenses you didn't anticipate at the beginning, didn't you?

MR. AGER: Well, I don't quite know when you say the beginning because we had a budgetary situation once we started making budgets which, of course, was sort of automatic for the fiscal year 1933. The Congress simply made some money available and how they arrived at that figure I can't remember. But from then on, for many years, up until World War II, TVA's budget was included as an item

MR. AGER: (Cont'd.)

in the president's public works budget, and regardless of what TVA requested, the TVA usually received about forty million dollars, which apparently was the rule of "thumb" figure that President Roosevelt thought was about the right figure of the total five hundred million for public works that should be spent in the Tennessee Valley.

I recall one experience while Arthur Morgan was still chairman of the TVA where our request, for some reason, was reduced from something over forty million to about thirty-six million dollars, and we decided to appeal to the President on this cut. This was the cut as we were advised of it by the Bureau of the Budget, so I prepared a memorandum for Mr. Morgan indicating any items that we felt simply had to be restored out of the forty-two million dollar original request if the TVA was to keep rolling on some kind of a reasonable progress schedule. Mr. Morgan took this memorandum on a trip to Warm Springs, Georgia, some time between Thanksgiving and Christmas, where he proceeded to discuss this appeal with President Roosevelt and we got word back from the Bureau of the Budget that our appeal had been approved at thirty-nine million, nine-hundred thousand dollars, which relieved a great many of us that particular year.

DR. CRAWFORD: Do you know why that appeal was approved?

MR. AGER: All I know is that Mr. Morgan reported back that President Roosevelt wanted to know who is this man, Ager, that wrote this memorandum? And shortly thereafter I was asked by the Secretary of Labor if I would be her budget director.

DR. CRAWFORD: Frances Perkins?

MR. AGER: Yes, and I told her I didn't care to be. But apparently there was some discussion, but what took place I can't tell you in detail. All I know is what happened to me.

DR. CRAWFORD: Did you find your work with TVA interesting?

MR. AGER: Always satisfying, always interesting, always satisfying, and of course as time went on it sort of became second nature with me, but with World War II being what it was, it became even more of a challenge to do the things that had to be done to contribute our part to the war effort. And, of course, our budget grew many times over this forty million dollar ceiling. I think we had one year where we came close to spending as much as a quarter of a

MR. AGER: (Cont'd.) billion dollars, during World War II.

DR. CRAWFORD: Did that necessitate an increase in your budget staff?

MR. AGER: A nominal increase only--not a large increase in my budget staff. I'm sure it necessitated a substantial increase in accounting personnel, but I had no concern with that. My concern was in the budgeting process, and I don't think we added maybe more than one or two people during that period. We simply tightened our belts and carried on. And, of course, the problems during World War II, budget-wise, were quite different than the problems up to World War II. By this time TVA knew what it was doing. We didn't have to hem and haw as much within our own forces to make up our minds. And in the second place, the officials in the Bureau of the Budget had a different attitude toward the TVA than they had had before World War II.

DR. CRAWFORD: Did your budgeting work become smoother as time went on?

MR. AGER: Oh yes, much smoother.

DR. CRAWFORD: What about the attitude of officials in the Bureau of the Budget? How did it change? What was it in the early thirties, then how did it change during the war?

MR. AGER: Well, generally through the whole period it was a friendly attitude. But during the years when the people in the Bureau of the Budget knew of the President's rule-of-thumb ceiling for TVA, it was very difficult to institute anything new or unusual in our budget, even though it was very meritorious. Of course, once World War II was going full-blast and we were under tremendous pressure to produce additional power from whatever source, including steam-electric plants which we hadn't dreamed we would ever get authority to build, the problems became more and more problems of dealing with the priority agencies in the government who controlled the materials. And a part of my staff was actually diverted from its normal budgetary duties to assisting in the process of acquisition of construction materials through the allotment agencies in Washington. There was also one incident that preceded World War II that you may not have a record on that would illustrate an aspect of this World War II atmosphere.

MR. AGER: (Cont'd.) At the time, in 1939, I believe it was, TVA had reached the point where it needed its initial appropriation to start construction on what was then known as Gilbertsville Dam and is now known as Kentucky Dam, which was the dam near Paducah, Kentucky, near the mouth of the Tennessee River, and this was a tremendous, big project. We had asked for an initial appropriation of ten million dollars, which had been approved by the Bureau of the Budget and the President and was knocked out either by the House Appropriations Committee or on the floor of the House, I don't know which. But everyone in TVA felt very strongly that this dam should go ahead. So Mr. James Pope, a member of the Board of Directors, and Theodore Parker, our chief engineer, and John Blandford, our then general manager, and I went to Washington to see what we could do about getting this appropriation restored in the Senate. The first person we checked in with was Senator McKellar, who at that time was a full supporter of TVA.

DR. CRAWFORD: That was before his difficulty with David Lilienthal?

MR. AGER: Yes, that's correct. Mr. McKellar proceeded to call a number of senators for appointments for us,

MR. AGER: (Cont'd.) including Senator Adams of Colorado and Senator Truman of Missouri. I remember these two men distinctly. Senator Adams was a very powerful member of the Appropriations Committee who had the impression from an experience in Colorado that Arthur Morgan built dams out of gold. Our interview with him was short and to the point, and he said, "Well, if this dam isn't going to be built out of gold and Arthur Morgan isn't going to have anything to do with it (by that time he was not with TVA), I will support it." We then got to Senator Truman's office at lunch time, and Senator Truman asked if we wouldn't join him for lunch, that he was just about to order his lunch, and we said that we would be delighted to. So the secretary brought in the menu and we all stated our wants, sat around the table. He immediately said, "You don't need to argue with me about the need for that dam." He said, "Take a look at what's happening in Europe," and he got up and started pointing to the map of Europe and what the Germans had done already, and he said, "We're in for another World War."

DR. CRAWFORD: Do you remember what year and month that was?

MR. AGER: This would be the spring of 1939, and he gave us the most graphic summation that I had heard from anyone of what was impending. We had a very pleasant lunch

MR. AGER: (Cont'd.) with the man and went on our way. It was very pleasant, and I'll never forget that experience.

DR. CRAWFORD: Did you have any sort of conflict with the Bureau of the Budget?

MR. AGER: Hardly ever any basic conflict. We helped, really, pioneer methods of budgeting for government business activities in which the Bureau of the Budget was tremendously interested with respect to other agencies. And I think that fact, plus the fact that some of our very early consultants on formulating our system became staff officers in the Bureau of the Budget later on, may have helped us considerably in our relationships with the Bureau of the Budget.

DR. CRAWFORD: Why was TVA able to pioneer in business procedures for government agencies? Was it because you were a fairly new and flexible agency?

MR. AGER: Correct, and the fact that we had this aura of being a government corporation--quote, unquote. That was at the same time we had the obligation of securing appropriations to conduct the construction effort and certain resource development efforts that were non-revenue producing in nature.

DR. CRAWFORD: You really had a rather unique situation, didn't you?

MR. AGER: We did have a very unique situation and there were other agencies already in existence and others being started such as the Bonneville administration and so forth that had similar unique situations.

DR. CRAWFORD: Did you have any difficulties because of rivalry with or jealousy from other agencies in government about TVA's special status?

MR. AGER: Not particularly. I recall one instance that happened late in World War II that will illustrate one aspect of this business, and TVA personnel people could give you many other examples because there was almost every year a bill introduced to bring TVA employees in under the cloak of civil service. I won't go into that, but towards the end of World War II the war assets administration was given the responsibility of disposing of surplus property. TVA, many years before that, had developed its own surplus property disposal system, and we had conducted many sales and sold innumerable things from our construction projects and from other sources, such as the old nitrate plant at Muscle Shoals. At the point

MR. AGER: (Cont'd.)

that I am thinking of Mr. Will Clayton had been placed in charge of the War Assets Administration and somehow his staff had interpreted their charter to give them jurisdiction over the disposal of surplus property by the Tennessee Valley Authority, and we received a communication that hereafter we must follow their procedures. I was asked by the General Manager, accompanied by Tom Griffin, I believe, who was from our legal division, to seek an appointment and discuss this matter with Mr. Clayton.

We were successful in getting an appointment and got in to see this gentleman and just began explaining to him our unique status as an independent corporate agency of the federal government and discussing with him what our surplus property disposal methods were, at which point he pressed the buzzer and called in one of his assistants and said, "I don't know who it is in our organization that decided that TVA should be under our jurisdiction, but whoever he is, find him and tell him it should not be under our jurisdiction. They know what they are doing," and that was the end of the matter. Essentially, as I understand it, that's what happens on all of these bills with respect to covering the TVA employees into civil service. The bills would be

MR. AGER: (Cont'd.) introduced, then they would get killed in committee as the result of testimony to the effect that TVA knew what it was doing in its personnel work. Is that a logical stopping place? You'll have to kind of steer me, I think, from now on.

#2

THIS IS INTERVIEW NUMBER TWO WITH MR. PAUL AGER AT HOLLYWOOD, CALIFORNIA, APRIL 15, 1970. THE INTERVIEW IS BY DR. CHARLES W. CRAWFORD, DIRECTOR OF THE ORAL HISTORY RESEARCH OFFICE AT MEMPHIS STATE UNIVERSITY, AND WAS TRANSCRIBED BY MRS. BRENDA P. MEIER.

DR. CRAWFORD: Mr. Ager, I suggest that we start now by dealing with some of the developments in TVA in which you had a part shortly before World War II and during the wartime period when I know you had some budgeting changes. Perhaps a good place to start would be at about the time of the Congressional investigation. Did that produce any changes in TVA?

MR. AGER: Yes. I'm sure that interrelated to the Congressional investigation was the beginning of the really strong general manager-type setup in TVA. It may have preceded that a little bit, but it seemed to me that following the Congressional investigation there was less of the individual members of the Board of Directors specializing in one area and another director in another area. More of a united board approach to all areas of the program in TVA was followed by the Board relying on the General Manager to secure from the various specialized staff divisions the type of plans and materials required in

MR. AGER: (Cont'd.) those fields. At least for me it seemed that life became simpler with the type of organization that we had after the Congressional investigation than it was before the Congressional investigation.

DR. CRAWFORD: To go back just a bit, how was the general manager's office established? That started first, didn't it, as coordinator?

MR. AGER: Yes, it did, under Mr. Bock, and then as I recall it, the Board of Directors employed some consultants some time about the time that this friction began to take a look at the TVA management organization. I believe there was a committee called the Draper Committee, or some such committee, that did indeed take a look at it, and it was not long after that, as I recall it, that John Blandford became the General Manager of TVA. And he continued to serve for a few years, and I can't be exact as to those years.

DR. CRAWFORD: Who was responsible for this committee being constituted?

MR. AGER: I can't tell you exactly, excepting that I think it was perhaps Mr. Lilienthal and Mr. Harcourt Morgan.

DR. CRAWFORD: Do you remember what people or what sort of people served on it?

MR. AGER: No, I don't besides the name Draper which is a name that I can't even complete. I don't even remember what his first name was.

DR. CRAWFORD: Was it a committee of outside consultants--outside TVA personnel?

MR. AGER: Yes, outside consultants.

DR. CRAWFORD: At what point were you appointed Assistant General Manager?

MR. AGER: About the time that Mr. Blandford became General Manager of the TVA, or shortly thereafter.

DR. CRAWFORD: How were his duties assigned at first?

MR. AGER: Well, I don't recall exactly how they were defined although it seemed to me that they were perhaps in some resolution that was adopted by the Board of Directors. I just don't know. I don't remember.

DR. CRAWFORD: At that time did the General Manager have

DR. CRAWFORD: (Cont'd.) operational responsibility for all areas of TVA?

MR. AGER: That was my understanding.

DR. CRAWFORD: Underneath the board, of course?

MR. AGER: Yes.

DR. CRAWFORD: What was your work primarily at that time, under the General Manager?

MR. AGER: My work was program planning, which included the system of project and program authorizations and the budgeting process--this is the budget planning process, the getting of the money, not the detailed accounting for the money--that was done by our Finance Department. I had all of the progress reporting, the coordination of that operation, including the preparation of the Highlights Report, which was under my jurisdiction. And then as we got into World War II they sort of tacked on to my office the business of securing scarce materials through the material control agencies in Washington, and the Washington representative that worked on this in Miss Owen's office was actually part of my staff.

DR. CRAWFORD: What size staff did you have at that time?

MR. AGER: I couldn't tell you exactly, but it was never more than ten to fifteen people at any time, as I recall it.

DR. CRAWFORD: Did you have difficulty, or rather I suppose--what sort of difficulty did you have getting critical materials during World War II?

MR. AGER: Just about the same sort of difficulty I imagine most agencies of the government had. It was simply a matter of getting into the right schedules at the right time with your requirements for material of various sorts. And, of course, copper was one of the hard items to get, and steel was a hard item to get; some classes of lumber were hard to come by. There is one incident that I recall distinctly because of the shortage of lumber in connection with one of our reservoir clearing operations where we were building what is now referred to as, I think, Cherokee Dam. We had to cut quite a few beautiful black walnut trees from the property and because of the shortage of lumber we had set up a sawmill to saw up the trees that were being cut in the reservoir to make the construction cribbing that we needed in connection with

MR. AGER: (Cont'd.)

the construction of the dam. And a Mr. Harold Smith, who was Director of the Bureau of the Budget at this particular time and who was formerly from Michigan, happened to visit the TVA and I took him out to this Cherokee Dam; we went by this sawmill operation, where he saw them sawing up walnut into crib-size lumber and was very shocked that we were doing such a thing. It developed that Mr. Smith's hobby was woodworking and one of the things he was hurting for was some good, well-cured walnut. So when we got back to Knoxville, I got in touch with the head of our forestry division, Mr. Richards, told him what my problem was and that the Director of the Bureau of the Budget was shocked at our using green walnut for cribbing out at Cherokee Dam and that he wanted some well-cured walnut in connection with a boat that he was trying to build, and could he give me some suggestions? He said he certainly could, and a few days later I got the names and addresses of some farmers who had some cured walnut and proceeded to secure some walnut for the Director of the Bureau of the Budget, which I had shipped to him. But this is just a sidelight on the fact that the material problem was serious with us, but not devastating. I mean it never held up any project, and when the famous controversial dam on the--let's see, not the Little Tennessee . . . There's the

MR. AGER: (Cont'd.) Holston, and what's Douglas Dam on?

DR. CRAWFORD: Is it south or north of the Holston?

MR. AGER: It's east, around the corner a little bit.

DR. CRAWFORD: Is there one on the French Broad or Watauga?

MR. AGER: Yes, the French Broad--the dam on the French Broad which is the dam that was to flood out the bottom land that belonged to the canning interests that were closely associated with Senator McKellar. When we made our commitment to build this dam in fifteen months and have power on the line, everybody thought we were crazy. No one had ever heard of building a dam in such a short period of time and especially of getting power on the line that fast. It just so happened that the generators that we had on order for the dam on the Holston were exactly the same size generators that were needed for the dam on the French Broad because the head of the two reservoirs was going to be essentially identical, so that what our engineers had come up with was a scheme of building this dam in a great hurry and of diverting one of the turbines and generators that we had already on order for the Holston Dam to go into the

MR. AGER: (Cont'd.) powerhouse of the French Broad Dam, which produced firm power to make aluminum whereas in the other powerhouse, it would not have been firm power. As you recall, this is the project that brought on the bitter antagonism between Senator McKellar and the Tennessee Valley Authority, and it was strongly supported, the whole project, by the War Production Board and by Mr. Bill Batt, who was the specialist in the War Production Board who had to worry about power matters at that particular time and about aluminum supply at that particular time. It is my understanding that during the course of the opposition to this project by Senator McKellar that Senator McKellar even drew a knife on Mr. Batt. Now I don't care whether that's in the record or not, but that's the story that I heard.

DR. CRAWFORD: He did feel very strongly about it, certainly, considering the interests involved in the valley.

MR. AGER: An additional sidelight on this battle over the authorization of funds to start the construction of French Broad Dam, which is now called Douglas MacArthur Dam or something of that sort, is that After I had resigned from TVA to take my position with the Atomic Energy Commission, which I did

MR. AGER: (Cont'd.) without any prior knowledge of Mr. Lilienthal because I was invited by Herb Marks to meet with Carroll Wilson, who was the first general manager of the Atomic Energy Commission. When I agreed to take this position I had no idea of what was going to come with respect to the confirmation of Mr. Lilienthal as Chairman of the Commission or Mr. Clapp as Chairman of the Tennessee Valley Authority or what was going to happen to me. But in the course of a bitter debate and controversy that ensued, I was described on the floor of the Senate along with Mr. Clapp and Mr. Lilienthal and Jim Rainey, who is another member of the Atomic Energy Commission, as notorious Communists by Mr. McKellar.

DR. CRAWFORD: Did he offer anything in support of that allegation?

MR. AGER: None whatever, and Mr. Rainey's father, who was a very prominent Democrat politically in the State of Illinois, wrote to Mr. McKellar protesting this statement. Mr. McKellar wrote back saying that he was glad to hear that his son wasn't a Communist. That was all there was to that particular episode.

DR. CRAWFORD: Why did Mr. McKellar say that about you? I can understand why he didn't like Dave Lilienthal.

MR. AGER: I don't know. It just came out of the blue. Lilienthal was accused of bringing in some notorious Communist into the AEC, I guess, although my security clearance was the number one AEC clearance. There might be some relationship to the fact that my wife at one time was president of the New Mexico League of Women Voters who strongly supported certain civil service reforms that Senator McKellar was bitterly opposed to.

DR. CRAWFORD: Do you think his oppostion was able to hamper TVA's development in any way?

MR. AGER: It didn't at the time, and I don't think it ever did. No. It certainly didn't delay the construction of the dam on the French Broad River very long.

DR. CRAWFORD: Well, you certainly did complete the work during World War II in an unusually rapid time. It didn't seem to have been slowed . . .

MR. AGER: There was another little sidelight that I can tell you about. In the House Appropriations Committee for several years a certain Mr. Dirksen of Illinois had been a sort of thorn in our side with critical

MR. AGER: comments about our trying to extend navigation up the hillsides of Tennessee and things of this sort.

Along about the time that Watts Bar Dam and Steamplant were about halfway completed I had a call one weekend from an assistant superintendent at Watts Bar project, reporting to me that a Mr. Dirksen, Congressman Dirksen of Illinois, with some friends from Sweetwater, Tennesse, had just left the project. And he said, "If I'm any judge of character, the man was impressed with what he saw."

Not long after that we appeared before the House Committee on Appropriations for another appropriation for a new fiscal year, and as we were gathering for the hearing in the House Appropriations Hearing Room, the TVA people seated at one side of the table and the Appropriations Committee people seated at the other and at the ends, in walked Congressman Dirksen with a very large stack of papers under his arm. He leaned over and spoke to the chairman of the committee, who was Congressman Woodson of Virginia, and proceeded to his seat at the end of the table. Mr. Woodson convened the hearing and rather than following the usual procedure of calling on Mr. Lilienthal, who was then Chairman of the Board of

MR. AGER: (Cont'd.) TVA, for a statement, he said, "Mr. Dirksen would like to make a statement before the hearing gets underway." Mr. Dirksen said, "Gentlemen, I'm awfully sorry that I'm not going to be able to stay here for this hearing. I have a conflicting engagement, but I have permission to say a few words about a visit I made to one of your projects. I was in Tennessee this last winter visiting friends at Sweetwater, Tennessee, and they took me over to visit the Watts Bar Project. I've been in the construction business most of my life, and this was the best managed job I ever saw. And I just wanted to tell you gentlemen that I was very, very favorably impressed. Thank you." This was off the record, unfortunately.

DR. CRAWFORD: Did you have any more criticism from Representative Dirksen?

MR. AGER: Never, and it wasn't long after that that he dropped out of politics for a while because of his eyes, took a trip around the world and then later ran for United States Senator. As far as I know, he never did oppose TVA matters after that. He may have, but I didn't know if he did. Of course, Mr. Baker turned out to be his son-in-law from Sweetwater, Tennessee.

DR. CRAWFORD: What government officials were easiest to work with in your experience in budget work when you had to go to Washington?

MR. AGER: Well, my work normally was with examiners who are lower echelon personnel in the Bureau of the Budget. The bulk of my work was with these examiners and with the people that added and put the budget together. But of the top budget directors that we dealt with I would rate the two most outstanding ones as Daniel Bell, who I believe was the second budget director that we ever had to deal with under the Roosevelt administration, and Harold Smith as the highest. There was a short period before Daniel Bell that this Lou Douglas, or some such Douglas, and then there was, I think, a man ahead of Harold Smith, after Daniel Bell, but I can't recall his name.

DR. CRAWFORD: How long after World War II did you remain with TVA?

MR. AGER: Well, I left the TVA in early November, 1946, and as I recall it, World War II really ended around August of 1945.

DR. CRAWFORD: Did you notice changes after the war ended?

MR. AGER: Oh, yes. We had a tremendous layoff, cut-back, reduction in the program, reorientation of emphasis, and it was sort of a period of stock-taking and slowing down.

DR. CRAWFORD: How did you change your emphasis after the war?

MR. AGER: Well, there was obviously less activity in the engineering construction field, more emphasis on the recreational, forest-resource, and conservation fields.

DR. CRAWFORD: Then you didn't go back to where you were in 1940?

MR. AGER: Not precisely, no, not by a long shot, and TVA, I'm sure, remained. Of course by the end of World War II and shortly thereafter there came this tremendous demand for power from the Atomic Energy Commission, and of course by this time I was on the other side of the fence. I was working for the Atomic Energy Commission when this came along.

DR. CRAWFORD: Did you feel any change in governmental attitude toward TVA at the death of Franklin Roosevelt?

MR. AGER: None that I can recall. No.

DR. CRAWFORD: Your budgetary situation didn't suffer any?

MR. AGER: No, none whatever. Of course I wasn't really in there very long after the death of Roosevelt, and Harry Truman, of course, was President until after I had moved from Washington to Los Alamos, New Mexico, in 1948 and was reelected that year although I couldn't vote for him because I had lost my residency in Tennessee and I hadn't established residency in Mexico.

DR. CRAWFORD: What was your position or title at the time you left?

MR. AGER: The same as it had been since 1937, Assistant to the General Manager and Chief Budget Officer.

DR. CRAWFORD: Why did you decide to leave TVA and accept the other offer at that time?

MR. AGER: Well, I guess I'm kind of a visionary and somehow or other I had dreams that this Atomic Energy thing was going to lead into an international development body of great significance. I had great faith in the world of the Acheson-Lilienthal report and somehow or other I thought an accommodation could be

MR. AGER: (Cont'd.) made that would bring about the significant, peaceful progress with this new power resource.

DR. CRAWFORD: Did you anticipate the production of electrical power with atomic energy at the time?

MR. AGER: Oh, yes. Yes, I definitely anticipated that and I have friends who tell me that I told them, in connection with the recruitment work I was doing to get young, capable budget officers in the various field offices of the AEC, that here was the place where the real progress was going to be made on the development of breeder reactors that would make nuclear power a low-cost source of energy, with a minimum of contamination and what have you. I had great faith in what I'd heard from people like Wally Zinn and Norris Bradberry. And in connection with reaching my decision to come with AEC, one of the people I met with was the controversial Oppenheimer. I had lunch with him and he gave me such a tremendous lift that I haven't gotten over it yet although I have been very disillusioned about world progress in the field of atomic energy.

DR. CRAWFORD: Was you work with AEC comparable in many ways with that for TVA?

MR. AGER: It was for the first two years, and after that it was completely different in that after I left Washington and my position as Chief Budget Officer of AEC, I took on this role of coordinating weapons production where, while I had some concern with production budgets, my major concern was on the selection and negotiation of contractors, the development of facilities to produce the new types of weapons that were being developed by the laboratories, and of getting the facilities, including test facilities, that our laboratories needed to carry forward their work, both in the field of nuclear weapons on continent and off continent, as well as other development activities such as reactor development including nuclear rocket propulsion reactors. It was quite a different ball of wax, with much more emphasis on planning, collaboration with scientists, and a lot less emphasis on the routinely considered budgeting process, although I never have considered myself a routine budget officer.

DR. CRAWFORD: What training or examples helped you most in your budget planning for TVA? What you had studied before, what you learned from other agencies, or what had you acquired from some other source?

MR. AGER: Well, that's a very hard question to answer. I like to think that part of it came out of my own head. How much that came out of my head and how much of it came out of books that I read or people I talked to, or ideas that other people threw into the hopper as we were batting the problem around, it's almost impossible for me to be specific. It certainly was not a textbook approach to budgeting that we established in TVA. I give Eric Kohler a lot of credit for simplifying the accounts to the point where we could have the budget system and I give our general manager, John Blandford, credit for a lot of help; Colonel Parker was a definite inspiration in the field of budgeting and planning for engineering and construction, and the people who worked with him; Harry Wiersema and his assistants; people in my own staff made very significant contributions. Jim Ramey, John Oliver, and of course in the reporting field, Sandy Brant, who left the TVA to go with the AEC at Oak Ridge about the time I left TVA to go with the AEC in Washington.

DR. CRAWFORD: With which of the directors of TVA did you work most effectively?

MR. AGER: This is also a hard question to answer in that

MR. AGER: (Cont'd.) I insisted whether we had a coordinator plan or a general manager plan of working through the principal administrative officer of the TVA in my dealings with the Board of Directors on budgetary matters. And I was not any director's man, if you please. I found it was a lot easier after Mr. Lilienthal became chairman of the TVA to get our budget defense prepared and presented to Congress than it had been before that. And Gordon Clapp, although not a budget-minded man, was one of the most marvelous men to work with that I ever knew in my life, and he had that unique talent of turning something you were having difficulty with into something that was easy more than almost anyone I ever knew.

DR. CRAWFORD: This is one of the difficult parts of the TVA story to piece together--Gordon Clapp's part, inasmuch as he is deceased at this time. What were his other administrative strengths?

MR. AGER: Well, he was brought into TVA as an assistant personnel director under Floyd Reeves, and not long after that Floyd Reeves left the TVA and so then Clapp became Personnel Director, which he continued to carry on with for a number of years, until John Blandford left the TVA, at which time I believe the

MR. AGER: (Cont'd.)

Board made Gordon Clapp the General Manager of TVA. It was during the years as Personnel Director that Gordon did so much to help the General Manager and the Board to establish sound relationships with labor. And while Mr. Reeves had pioneered a major part of this in principle, I give Gordon much of the credit for the soundness of what ultimately emerged. Although he had some able assistants working with him and I don't want to take anything away from them, and I certainly was not close enough to it to say who did what for whom--I don't know that much about it--but I was always very impressed with the opening remarks that Gordon would make at the beginning of the labor negotiations and the summing-ups that he would give when I was able to attend these negotiations. The man just had a remarkable capacity for choosing the right words to use at the right time. In my own field, after he became General Manager and I had much more intimate working relations with him on matters relating to program authorizations, budget adjustments, things of this sort, I found that I was given a very free hand; that about the only guidance I received, if any, was occasionally subtle suggestion that maybe if this particular long-winded diatribe was shortened, it would read better--something of that sort. It was

MR. AGER: (Cont'd.) just a wonderful experience to work with Gordon Clapp and I think most TVA people felt the same about him. I knew very few, if any, that ever resented Gordon Clapp. He had such a remarkable capacity for seeming to be listening to people. I think he was actually listening to them, but very few men in busy positions demonstrate it as he did. I think he's just in a class by himself. I can't think of anyone in all years of working for an with people who had that same unique capability of seeming to really sincerely be making an effort to understand what you were trying to say, despite the fact that he may have had many other much more important things on his mind at the time you were trying to talk to him.

DR. CRAWFORD: Of all of your work with TVA, Mr. Ager, what part was most satisfying? What did you feel was your greatest contribution to it?

MR. AGER: I wish I knew. I somehow feel that my greatest contribution was in somehow establishing both, within the TVA, a money and budget consciousness that was constructive and sincere, and establishing in our dealings with the "controllers of purse strings in Washington" the feeling that TVA was not in the busi-

MR. AGER: (Cont'd.) ness of trying to pull the wool over anybody's eyes with respect to what our requirements really were. We had a reputation, I think, of presenting honest-to-goodness, solid, firm budgets, with no padding, no frills, anything of that sort--an understandable budget. And this, I think, is all I can say, and I give a part of this credit to my first boss at the University of Oregon, Arnold Bennett Hall, who was a political scientist, and who said that he would not look at any financial statement that covered more than one piece of paper. And I had the job of getting this man to understand the problems of the University of Oregon on one piece of paper.

DR. CRAWFORD: Thank you, sir.